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STATEMENT OF PENNWALT CORPORATION
WITH RESPECT TO ITS WYANDOTTE PLANT
BEFORE THE MICHIGAN AIR POLLUTION CONTROL
COMMISSION MEETING OF APRIL 20, 1976

I am Charles Gullickson representing the Pennwalt Corporation. At the Commission meeting on March 24, 1976 I presented a statement opposing the Commission staff's recommendation that the Pennwalt Wyandotte Plant be designated as two manufacturing locations and assessed two surveillance fees. Each of you was given a copy of that statement. The Commission directed its staff to meet with representatives of the Wayne County Air Pollution Control Division and Pennwalt Corporation to discuss the matter further.

After meeting with the Commission staff and Wayne County representatives on March 20, 1976, I am frankly surprised that the staff is still recommending a two manufacturing location designation. From the staff comments submitted to you for the April 20, 1976 meeting, I conclude that I must not have done a very good job of explaining our operations at the Wyandotte Plant to them. Perhaps I can now convey a better understanding of our operations to you.

The sole purpose of the Wyandotte Plant is to manufacture a number of industrial chemicals. The plant employs 850 people. The production facilities consist of 20 chemical processes generally separated from each other for safety and other reasons. These processes vary widely in size from a simple 500 gallon batch reactor to more complex batch and continuous processes with several processing steps. Most processes are operated on a shift basis 24 hours a day. Some processes are operated with 1 man per shift, most are operated with 2 to 4 men per shift and the most heavily manned process requires 8 operators and helpers per shift. Not all processes are operated at any one time. On a



STATEMENT OF PENNWALT CORPORATION
WITH RESPECT TO ITS WYANDOTTE PLANT
BEFORE THE MICHIGAN AIR POLLUTION CONTROL
COMMISSION MEETING OF APRIL 20, 1976

Page 2

typical shift we would have about 47 process operators on duty. Laboratory people, security guards and supervision adds another 14 people per shift.

Supervising production we have two Production Managers reporting to the Plant Manager. One supervises the processes located west of West Jefferson Avenue, and the other supervises processes east of Jefferson Avenue. Each Production Manager has several Area Supervisors under him who are each responsible for several processes. In some cases there are Foremen under the Area Supervisors directly supervising a single process. The Commission staff has made a point that we do have two Production Managers, implying that this is part of the reason they think we should be designated as two manufacturing locations. In our Wyandotte Plant organization the term "Manager" indicates that that person reports to the Plant Manager. Our present Plant Manager has set up his organization plan so that he has two Production Managers reporting to him. This is dictated principally by that fact that West Jefferson Avenue does run through our plant and severely limits free access between areas of the plant. Our previous Plant Manager, on the other hand, had only one Production Manager reporting to him who was responsible for all plant production. This is a question of internal plant organization and we feel in no way affects our status as a single chemical manufacturing facility. All other Managers who report to the Plant Manager (Industrial Relations, Engineering, Maintenance, Plant Services, Technical, etc.) have plant wide responsibilities.

STATEMENT OF PENNWALT CORPORATION
WITH RESPECT TO ITS WYANDOTTE PLANT
BEFORE THE MICHIGAN AIR POLLUTION CONTROL
COMMISSION MEETING OF APRIL 20, 1976

Page 3

The Commission staff has said that I indicated that materials produced in "one plant" are "sold" to the "other plant." I would like to correct that statement. In many cases a chemical produced in one of our processes is used in other processes as raw material for the production of other chemicals. For example, chlorine produced in our chlorine process is used to make ammonium chloride, ferric chloride, calcium hypochlorite in other inorganic processes and to make methane sulfonyl chloride and methane sulfonic acid in these organic processes. As another example, alkylamines made in one process become raw materials for making alkanolamines, thioureas, etc. in other processes. Each chemical is costed in our accounting systems and when used in another process it enters into the cost of the new product at its standard production cost. The chemicals are not "sold" to other parts of the plant in the context indicated in the Staff recommendation.

The Commission staff says in their report that I indicated that if "one plant" were to shut down the "other plant" would probably continue to operate. There seems to be a fixation in their minds about two identifiable plants which I have not been able to dispell. Many of our processes can and do operate if other processes are shut down. Some processes are closely interconnected and cannot long operate if one of the involved processes is shut down. For example, our Ferric Chloride process and other chlorine gas users would have to shut down if the chlorine process were shut down. We have two unions at the plant. If one of them were to strike, our experience in the past is that the other union would continue to work and we would operate as many of the affected processes as practical with management personnel. I fail to see how any of this relates to our status as a single manufacturing location.

STATEMENT OF PENNWALT CORPORATION
WITH RESPECT TO ITS WYANDOTTE PLANT
BEFORE THE MICHIGAN AIR POLLUTION CONTROL
COMMISSION MEETING OF APRIL 20, 1976

Page 4

The Wayne County staff in particular seem to think that production of inorganic chemicals and production of organic chemicals is a basis for saying we are two separate manufacturing locations. Under such logic, this could be extended to charge separate surveillance fees for all sorts of chemical subdivisions such as processes producing nitrogen containing chemicals, sulfur containing chemicals, etc. Our so-called inorganic processes are largely located east of West Jefferson Avenue and our so-called organic processes are located west of Jefferson Avenue now. Some brine wells which are part of the inorganic process operation are located west of Jefferson Avenue. In any future expansion we may well locate organic processes east of Jefferson Avenue and inorganic processes west of Jefferson. A few years ago we gave serious consideration to building a new organic chemical process east of West Jefferson Avenue. Unfortunately for the Wyandotte Plant, a corporate decision was made to build the plant at another Pennwalt location because of unfavorable Michigan economics and other considerations. At any rate the attempt to use a distinction between inorganic and organic chemical processes as a basis for affecting our status as a single manufacturing location has no basis in law or logic.

The East Plant-West Plant terminology which seems to bother Wayne County so much is simply terminology which has grown into common use internally. I remember when we had a chemical process west of the railroad right-of-way and we used to call that area the West Plant. Now everything west of Jefferson Avenue is called the West Plant and everything east of Jefferson is called the East Plant. We wish that Jefferson Avenue did not run through our property. It would ease many of our problems and reduce our costs. Our use of these terms, much as a farmer refers to

STATEMENT OF PENNWALT CORPORATION
WITH RESPECT TO ITS STATUS AS A SINGLE
MANUFACTURING LOCATION
BEFORE THE MICHIGAN AIR POLLUTION CONTROL
COMMISSION MEETING OF APRIL 11, 1971

Page 3

his "back 40" is not a basis under law to affect our status as a single manufacturing location. If West Jefferson did not own that other plant I don't think that Wayne County would ever have thought about assessing two surveillance fees.

In summary, we are certain that there is no basis under the letter or intent of the law to alter the status of the Pennwalt Wyandotte Plant as a single manufacturing location for the following reasons:

1. The Wyandotte Plant is located on a single geographical site.
2. The Pennwalt Wyandotte Plant does not own or operate a second plant.
3. The Pennwalt Wyandotte Plant is in fact a single manufacturing facility solely engaged in the manufacture of industrial chemicals. The Wyandotte Plant is a single management entity in the corporation structure. Under a straightforward line item organization, the Plant Manager of the Wyandotte Plant has full responsibility for all phases of the Wyandotte Plant operation. No portion of the Wyandotte Plant reports to any other corporate organizational entity.
4. The Pennwalt Wyandotte Plant is a medium size chemical manufacturing facility and certainly not a massive industrial complex as implied by Wayne County. Any attempt to classify the Wyandotte Plant as two manufacturing locations under some pretext relating to the "large industrial complex" provision of Rule 13 would be an abuse of the law and abuse of a solid corporate citizen of the State of Michigan.

STATEMENT OF PENNWALT CORPORATION
WITH RESPECT TO ITS WYANDOTTE PLANT
BEFORE THE MICHIGAN AIR POLLUTION CONTROL
COMMISSION MEETING OF APRIL 20, 1976

Page 6

I have referred to Wayne County's opinions and statements a number of times in my comments. This is because it is evident from the discussions and meetings that the Wayne County Air Pollution Control Division is the prime mover in pushing so hard to get two surveillance fees assessed against the Pennwalt Wyandotte Plant. I ask this question of the Commission. Would the Wayne County Air Pollution Control Division receive a larger portion of the air surveillance fee funds if Pennwalt were assessed two surveillance fees? If so, their recommendation could hardly be considered to be unbiased.

This Commission must see that the surveillance fee system is administered in accordance with the law and that citizens of the state are protected under the law. We strongly feel that the staff's recommendation is contrary to the law and we again urge that the Commission re-affirm the present single manufacturing location status for the Pennwalt Wyandotte Plant.

PENNWALT CORPORATION

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